

Trump Willing To Drop Lawsuit Against Easterns For \$500 Million - Tribe says it's not interested

December 3, 2004

By Karen Florin - The Day

Give Donald Trump half a billion dollars, and he'll accept that he is fired.

Trump has offered to drop his breach of contract lawsuit against the Eastern Pequots, and the casino investors the tribe replaced him with, in exchange for \$500 million.

"The figure was arrived at very carefully by people in the Trump organization who determined what likely income would have been generated had the Trump organization gone forward with the Eastern Pequot casino," said Trump's attorney, Robert I. Reardon.

The tribe has no interest in the settlement proposal, according to their attorney, Robert D. Tobin.

"I think a more appropriate valuation is the one he (Trump) put in his bankruptcy filing, which is zero," Tobin said.

Assets for Trump Hotel & Casino Resorts Development LLC, the subsidiary company through which Trump invested more than \$10 million to help a faction of the Easterns open a casino, are listed as \$0 in Trump's Chapter 11 bankruptcy filing.

Trump is trying to reorganize his main casino company, the publicly traded Trump Hotels & Casino Resorts. The company is laden with \$1.8 billion in debt and, according to recent filings with the Securities and Exchange Commission, is suffering as the result of increased competition in Atlantic City and lack of capital to improve the properties.

Trump and Amalgamated Industries of Windsor had contracted with the Paucatuck Eastern Pequots, the smaller of two factions of Eastern Pequots, to finance the tribe's bid for federal recognition and ultimately profit from a casino. The U.S. Bureau of Indian Affairs recognized both factions as a single tribe in 2002, and last year the unified council, dominated by the larger faction, voted to retain their backer, Eastern Capital Development.

Trump and Amalgamated filed suit last year, and Judge Susan Peck is presiding over both cases in the state Superior Court's complex litigation division. The lawsuits involve multiple parties, including the unified Eastern Pequots, the two factions and individual members who were involved in the casino financing deals.

Amalgamated also has made an offer that the tribe and its current backers are not likely to accept. The company is seeking \$250 million from the Eastern Pequots, \$250 million from Eastern Capital Development, \$250 million from the Paucatuck faction and \$10 million per individual defendant.

The two plaintiffs made the offers within the past month because of a state law that could provide them with an additional windfall should they win the case. If the defendants do not accept the offers and there is a judgment in same amount or greater than the offer, the plaintiffs are entitled to 12 percent interest per year from the date of the lawsuit to the time the judgment is paid.

In Trump's case, "that's 60 million a year in interest," Reardon said Thursday. He said the \$500 million settlement offer is not the full amount of losses Trump claims.

"That is a reduced amount we are willing to take for settlement purposes," he said. Reardon pointed to Foxwoods Resort Casino and Mohegan Sun as examples of the lost potential. The two casinos each generate more than \$1 billion in revenue a year and regularly win \$60 to \$70 million from slot machine customers each month.

The Eastern Pequots have been unable to proceed with their casino because the state and three local towns have appealed their federal recognition. The Department of the Interior Board of Indian Appeals is currently reviewing their case, and tribal leaders are hoping to have a final decision soon.

Reardon said the lawsuit would continue regardless of the appeal's outcome.

"If the tribe is recognized ... it just reinforces the fact that we were denied the opportunity to operate a casino," he said. "If they are denied, we will claim the reason, in part, is that they did not allow the Trump organization to continue to represent them and support them."

The tribe and its backers have asked the court to dismiss the case, and Judge Peck has heard hours of testimony from the platoon of attorneys involved. She has asked all of the parties to submit by Monday a listing of what they consider the facts of the case.

Reardon said he deposed tribal elder Agnes Cunha, and plans to travel to Palm Beach, Florida, in February to interview William Koch, a wealthy entrepreneur who is backing the tribe.